

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 FBOE-00 A-01 /012 W

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R 101215Z MAY 76

FM AMEMBASSY MANAMA BAHRAIN

TO SECSTATE WASHINGTON DC 3008

UNCLAS MANAMA 544

FOR NEA/EX AND A/FBO

E.O. 11652: N/A

TAGS : ABLD, AFSP, BA

SUBJECT : EMBASSY HOUSING IN BAHRAIN

1. BACKGROUND: FINALLY WE HAVE HURDLED A MAJOR PROBLEM IN ESTABLISHING DIPLOMATIC PRESENCE IN BAHRAIN: ACQUISITION OF AN ADEQUATE CHANCERY. BY RENOVATING AN OLD PROPERTY WE HAVE GOTTEN A RELATIVE BARGAIN BY PRESENT AND FORESEEABLE LOCAL STANDARDS; \$60,000 PER YEAR FOR THE NEXT FOUR YEARS AND \$75,000 PER YEAR FOR THE REMAINING OPTIONAL FOUR YEARS OF OUR PRESENT LEASE. MOREOVER WE HAVE ADEQUATE OFFICE SPACE FOR PRESENT NEEDS (INCLUDING USIS) AND SUFFICIENT GROUND FOR THE SORT OF ADDITIONAL WORK AREAS (INCLUDING A COMMUNICATIONS BUILDING) WHICH MIGHT BE NEEDED OVER COMING YEARS. IN THE EFFORT TO SOLVE THE CHANCERY PROBLEM FBO MADE A TENTATIVE COMMITMENT TO FUTURE PURCHASE OF PROPERTY OFFERED BY THE GOVERNMENT OF BAHRAIN AT AROUND \$500,000 FOR THE PURPOSE OF CONSTRUCTING A PERMANENT CHANCERY.

2. EMBASSY HOUSING: STRAPPED FOR FUNDS TO ESTABLISH THIS EMBASSY, THE DEPARTMENT WAS FORCED TO IGNORE THE LONG-TERM BENEFITS OF POSSESSING A HOUSING COMPOUND IN A COMMUNITY LIKE BAHRAIN AND TO GO THE ROUTE OF PICKING UP SCATTERED HOUSING ON SHORT-TERM LEASES. AS A RESULT OUR STAFF IS AT THE MOMENT ADEQUATELY IF MODESTLY HOUSED BY LOCAL STANDARDS, EVEN THOUGH BADLY HOUSED BY AMERICAN AND GENERAL FOREIGN SERVICE STANDARDS. DIFFICULTIES IN MAINTAINING THE PROPERTIES (SINCE THE LANDLORDS GENERALLY REFUSE TO DO SO, CONTRACTUAL OBLIGATIONS NOTWITHSTANDING)

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CONTINUE TO TAKE A TOLL ON EMBASSY RESOURCES AND STAFF MORALE.

THE ABSENCE OF ANY SORT OF EMBASSY RECREATIONAL FACILITIES
PROMISES TO TAKE A FURTHER TOLL ON MORALE IN THE FUTURE.

3. ESCALATING COSTS: BUT THE MOST SERIOUS HOUSING PROBLEM
THIS EMBASSY FACES IS NEITHER MAINTENANCE NOR MORALE, BUT
FUTURE COST. OUR SHORT-TERM LEASES, VINTAGE 1972-74, ARE
BEGINNING TO RUN OUT. LOCAL RENTAL COSTS ARE SOARING, AND IN
OUR BEST JUDGEMENT ARE UNLIKELY TO LEVEL OFF IN THE FORESEEABLE
FUTURE. (USIS HAS JUST LEASED A MODEST HOUSE FOR THE PAO AT
ROUGHLY \$28,000 PER YEAR OVER THREE YEARS; BUT CONTRAST THE
AMBASSADOR'S RESIDENCE, NOTHING SPECIAL BUT CERTAINLY CUTS ABOVE
THE USIS HOUSE, IS UNDER A 1974 LEASE FOR ABOUT \$14,300 PER YEAR.)
BY EARLY JULY STATE WILL BE PAYING AROUND \$84,000 PER YEAR TO
HOUSE NINE AMERICANS. THEN THE FIRST OF THE LEASES EXPIRES
AND OUR BEST GUESS IS IC THE FOLLOWING ORDER OF MAGNITUDE
FOR HOUSING THE NINE: \$104,000 PER YEAR BY THE END OF THE
TRANSITIONAL QUARTER, \$126,000 BY JULY 1977, AND \$144,000
BY THE BEGINNING OF FY 78. AT THIS POINT, EXCEPT FOR THREE
APARTMENTS UNDER LEASE UNTIL 1981 IN THE FORMER CHANCERY BUILDING
FOR \$18,000 PER YEAR TOTAL, THE AMBASSADOR'S RESIDENCE WILL BE
THE LOWEST EMBASSY RENTAL, AND THE RESIDENCE LEASE EXPIRES
JUNE 1978. (THE LANDLORD OF THE THREE "INEXPENSIVE" APARTMENTS
HAS JUST NOTIFIED US OF HIS INTENT TO CUT OFF WATER AND
ELECTRICITY FOR SEVERAL MONTHS WHILE ADDING ADDITIONAL STORIES
TO THE BUILDING, THE BEGINNING OF A CAMPAIGN TO HARRASS US INTO
GIVING UP THE LEASE.) IN SUMMARY, OUR RENTAL COSTS FOR HOUSING
PROMISE UNDER THE BEST OF CIRCUMSTANCES TO INCREASE BY 50 PERCENT
IN THE NEXT YEAR AND TO MORE THAN DOUBLE TWO YEARS HENCE.

4. CONCLUSION: ANYONE FAMILIAR WITH THE BRIEF BUT TRAGIC
HISTORY OF THIS EMBASSY'S ENCOUNTERS WITH THE BAHRAIN REAL
ESTATE MARKET NEED NOT BE REMINDED THAT THE PENNY YOU WON'T
SPEND TODAY IS THE POUND BLED OUT OF YOU TOMORROW. FACING THE
FUTURE WITH THAT INSTRUCTIVE EXPERIENCE WE FIND: (A) FBO
COMMITTED TENTATIVELY TO SPEND SUBSTANTIAL CAPITAL FOR A
PERMANENT CHANCERY; (B) FOR AN EMBASSY LUCKILY NOW WELL-OFFICED
FOR AT LEAST EIGHT YEARS AT RATES REASONABLE BY THE ABSURD
GULF SCALE BUT (C) FACING IMMINENT GEOMETRICAL COST INCREASES
TO KEEP STAFF HOUSED EVEN IN THE PRESENT UNIMPRESSIVE STYLE.
THE SOLUTION OBVIOUS TO US IS THAT THE DEPARTMENT SHOULD TRY TO
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DO THE ECONOMICALLY SENSIBLE THING OTHER AMERICAN AND EUROPEAN
INSTITUTIONS PRESENT HERE ARE DOING OR TRYING TO DO - LEASE
PROPERTY ON LONG-TERM AND ARRANGE TO PROVIDE AN ADEQUATE STAFF
COMPOUND ON IT. WE HAVE NO ASSURANCE ANYTHING SUITABLE WOULD
BE AVAILABLE, BUT WE FEEL STRONGLY THAT THE NEAR FUTURE WILL
FIND US DERELICT, IN FINANCIAL AND OTHER TERMS, IF WE DO NOT
FACE UP TO THE ISSUE NOW AND MAKE AN EFFORT SOON.

5. RECOMMENDATIONS:

(A) THAT FBO MAKE NOW A COMMITMENT TO FUND NOT LATER THAN BEGINNING FY 78 BY LONG-TERM LEASE AND POSSIBLY DIRECT CONSTRUCTION EXPENDITURE THE ACQUISITION OF A SUITABLE EMBASSY HOUSING COMPOUND IN BAHRAIN; AND

(B) THAT THE DEPARTMENT AUTHORIZE THE EMBASSY TO BEGIN SERIOUS EXPLORATION AND NEGOTIATIONS TOWARD THIS GOAL.
(SPECIFIC PROPOSAL BY SEPTEL.)

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